

Health Plan Cost for New Yorkers Set to Fall 50%

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Individuals buying [health insurance](#) on their own will see their premiums tumble next year in New York State as changes under the [federal health care law take effect](#), Gov. Andrew M. Cuomo announced on Wednesday.

State insurance regulators say they have approved rates for 2014 that are at least 50 percent lower on average than those currently available in New York. Beginning in October, individuals in New York City who now pay \$1,000 a month or more for coverage will be able to shop for health insurance for as little as \$308 monthly. With federal subsidies, the cost will be even lower.

Supporters of the new health care law, the Affordable Care Act, credited the drop in rates to the online purchasing exchanges the law created, which they say are spurring competition among insurers that are anticipating an influx of new customers. The law requires that an exchange be started in every state.

“Health insurance has suddenly become affordable in New York,” said Elisabeth Benjamin, vice president for health initiatives with the Community Service Society of New York. “It’s not bargain-basement prices, but we’re going from Bergdorf’s to Filene’s here.”

“The extraordinary decline in New York’s insurance rates for individual consumers demonstrates the profound promise of the Affordable Care Act,” she added.

Administration officials, long confronted by Republicans and other critics of President Obama’s signature law, were quick to add New York to the list of states that appear to be successfully carrying out the law and setting up exchanges.

“We’re seeing in New York what we’ve seen in other states like California and Oregon — that competition and transparency in the marketplaces are leading to affordable and new choices for families,” said Joanne Peters, a spokeswoman for the Department of Health and Human Services.

The new premium rates do not affect a majority of New Yorkers, who receive insurance through their employers, only those who must purchase it on their own. Because the cost of individual coverage has soared, only 17,000 New Yorkers currently buy insurance on their own. About 2.6 million are uninsured in New York State.

State officials estimate as many as 615,000 individuals will buy health insurance on their own in the first few years the health law is in effect. In addition to lower premiums, about three-quarters of those people will be eligible for the subsidies available to lower-income individuals.

“New York’s health benefits exchange will offer the type of real competition that helps drive down health insurance costs for consumers and businesses,” said Mr. Cuomo.

The plans to be offered on the exchanges all meet certain basic requirements, as laid out in the law, but are in four categories from most generous to least: platinum, gold, silver and bronze. An individual with annual income of \$17,000 will pay about \$55 a month for a silver plan, state regulators said. A person with a \$20,000 income will pay about \$85 a month for a silver plan, while someone earning \$25,000 will pay about \$145 a month for a silver plan.

The least expensive plans, some offered by newcomers to the market, may not offer wide access to hospitals and doctors, experts said.

While the rates will fall over all, apples-to-apples comparisons are impossible from this year to next because all of the plans are

essentially new insurance products.

The rates for small businesses, which are considerably lower than for individuals, will not fall as precipitously. But small businesses will be eligible for tax credits, and the exchanges will make it easier for them to select a plan. Roughly 15,000 plans are available today to small businesses, and choosing among them is particularly challenging.

“Where New York previously had a dizzying array of thousands upon thousands of plans, small businesses will now be able to truly comparison-shop for the best prices,” said Benjamin M. Lawsky, the state’s top financial regulator.

Officials at the state Department of Financial Services say they have approved 17 insurers to sell individual coverage through the New York exchange, including eight that are just entering the state’s commercial market. Many of these are insurers specializing in [Medicaid](#) plans that cater to low-income individuals.

North Shore-LIJ Health System, the large hospital system on Long Island, intends to offer a health plan for individuals as well as businesses for the first time. Some of the state’s best-known insurers, UnitedHealth Group and WellPoint, are also expected to participate. Insurers may decline to participate after they receive approval for their rates, but this is unlikely.

For years, New York has represented much that can go wrong with insurance markets. The state required insurers to cover everyone regardless of pre-existing conditions, but did not require everyone to purchase insurance — a feature of the new health care law — and did not offer generous subsidies so people could afford coverage.

With no ability to persuade the young and the healthy to buy policies, the state’s premiums have long been among the highest in the nation. “If there was any state that the A.C.A. could bring

rates down, it was New York,” said Timothy Jost, a law professor at Washington and Lee University who closely follows the federal law.

Mr. Jost and other policy experts say the new health exchanges appear to be creating sufficient competition, particularly in states that have embraced the exchanges and are trying to create a marketplace that allows consumers to shop easily.

“That’s a very different dynamic for these companies, and it’s prodding them to be more aggressive and competitive in their pricing,” said Sabrina Corlette, a professor at Georgetown University’s Center on Health Insurance Reform.

But some consumers may still find the prices and plans disappointing. Jerry Ball, 46, who owns a recycling business in Queens, said the cost of covering his family increased so rapidly in the last few years that he had to scale back their coverage. Still, he pays nearly \$18,000 a year for a high-deductible policy for a family of three.

He said he would be reluctant to part ways with his insurer, Oxford, and was disappointed that even the least expensive Oxford plan being offered next year would cost about as much as he pays now.

With another plan, he said: “Will I be able to maintain my doctors? I’m concerned that some of the better doctors aren’t going to take health insurance.”

He acknowledged that the new law would allow him for the first time to easily switch plans, but it is still hard for him to believe it guarantees coverage for pre-existing conditions. “I have to be careful. I can’t be denied coverage, right?” he asked.

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